and organisational improvements. Third, a Backstop Facility component of dollar 200 mililon aims at providing nationalised banks and al India public financial institutions liquidity assurance to assist in an orderly development of the foreign currency term lending market. This is sought to be done by offering them an option to borrow funds under stipulated conditions dering financial market disruption.

(d) and (e) Essentially tris loan supports the Government's efforts at implementing financial stctor reforms including especially the restructuring of certain public sector banks. The loan proceeds will be used to augment the resources of the participating banks and enable them to on-lend the amount for productive purposes under te Capital Restructuring component. The Modernisation component would facilitate the banks to improve their efficiency and profitability while the Backstop Facility component would assist te eligible Indian financial institutions to enlarge their resources in order to meet the increasing demand for foreign currency term loans.

Increase in Prices of Essential Commodities

234. SHRIMTI ANANDIBEN JETHABHAI PATEL:

Wil it ehMinister of FINANCE be pleased to state:

(a) what action Government have taken to curb price rise of essential commodities;

(b) the success achieved; and

c) wheter it is a fact tat Blackmarketers, orders and some high-ranking officers are responsible for tis price rise?

THE MINITER OF STATE IN THE MINISTRY OF FINANCE (M. V. CHANDRASHEKHAR MURTHY): (a) to (c) A number of steps have been taken to contain the price rise of essential commodities. The price of wheat has been stablised at last year's level through open market sale of over 3.4 million tonnes from public stocks by FCI. Open market sale of rice from public stocks is likely to pick up after the Government reduced the open market sale price from January 1995. Placing import of sugar under OGL at zero duty and import of nearly 10 lakh tonnes by Government for public distribution system has helped in bringing down price of sugar which is now marginaly lower than last year. Import of palmolein oil was placed on OGL in April, 1994. About 1.07 lakh tonnes of palmolein was imported at concessional duty of 20 per cent for augmenting supplies to through PDS. Recently,effective March 1995 all major edible oils (except coconut oil) were placed on OGL at redueed duty of 30 per cent. all the supply side policy measures taken so far are likely to bring about modernisation in the inflation rate. The Government remains vigilant in ensuring adequate availability of essential commodities, particularly rice, wheat, sugar and edible oils and wil not hesitate to augment supplies through imports in view of comfortable foreign exchange reserves. Hence there is no scope for hoarders and backmarketeers in influencing the market price of such commodities.

Hawala Racket

235. SHRI G. Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to he news item captioned "Hawala traders leave Manmohan 10 steps behind" appearing in the Weekend 'Observer', New Delhi dated February 11, 1995;

(b) if so, the facts of the matter reported therein; and

(c) what effective measures have been taken or are proposed to be taken by his Ministry to completely root out this Hawala racket evil?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE, (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (c) The Enforcement Directorate is aware of the factors giving rise to the hawala trade, as enumerated in the news-item. All measures envisaged under te law are taken to check the menace of hawala trade.

Black money laundered via gift from NRIs

236. SHRI G. Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news item captioned "Rs. 10,000 cr. laundered via gifts from non-residents" appearing the Business Standard, New Delhi dated the 31st January, 1995;

(b) if so, the *modus operandi* of this racket:

(c) what effective steps Government have taken or propose to take to stop this thriving racket in gifts from non-resident Indians; and

(d) whether his Ministry has any idea about the extent of black money laundered via gifts from non-residents; if so, the details thereof and the action taken or proposed to be taken against the middlemen and beneficiaries involved in this racket?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes Sir.

(b) to (d) Foreign Exchange deposited in the Non-resident External (NRE) Accounts held by Non-resident Indians (NRIs) with authorised dealers in India were distributed to a number of persons in India by the agents of the said NRIs at a premium in violation of the provisions of the Foreign Exchange Regulation Act (FERA). Investigations have bee made in respect of 158 NRE. accoun involving an amount of Rs. 120 cr res. Actions as envisaged in la are being taken against the agents the NRIs and the recipients of t gifts. Enforcement Directorate keeping a close vigil on these NR accounts and taking every possib action to prevent their misuse.

Setting up of foreign banks in rural are

237. SHRI PASUMPON THAK RUTTINAN: Will the Minister FINANCE be pleased to state:

(a) the names of foreign banks lowed to operate in India under t liberalisation programme of Gover ment, with their headquarters India and abroad with postal a dresses in each case:

(b) whether the foreign banks ha any obligation to open their bra ches in the rural areas so as to he the upliftment of the rural poor;

(c) if so, the number of such bra ches, bank-wise: and

(d) if reply to part (b) above be the negative, why these banks ha been allowed to function in the ban areas only which puts them an advantageous position over t Indian banks?

THE MINISTER OF STATE IN T MINISTRY OF FINANCE (SHRI V CHANDRASHEKHAR MURTH (a) Names of the foreign banks alo with their head offices in India a abroad, who have been allowed Reserve Bank of India (RBI) so far operate in India after 1991 are giv in the statement (*See* below).

(b) No, Sir.

(c) Does not arise.